

13.0 COST OF DEVELOPMENT ELEMENT

The *Cost of Development Element* of the **Sedona Community Plan** is presented in the following sections:

- 13.1 Background
- 13.2 Funding Mechanisms
- 13.3 Current Conditions
- 13.4 Recommendations

The *Cost of Development Element* is one of the new elements required under the new Growing Smarter legislation.

The *Cost of Development Element* should be used in conjunction with the other elements of the **Sedona Community Plan** to guide the physical development of the City and to ensure that new development pays its fair share of infrastructure development and public services provisions. The *Cost of Development Element* includes policies and strategies that the City may use to require development to pay its 'fair share' compensation toward the cost of additional public service needs generated by new development.

The *Cost of Development Element* includes:

- \$ A component that identifies various mechanisms that can be used to fund additional public services necessary to serve new development, including, but not limited to: bonding, special taxing districts, development fees, in lieu fees, facility construction, dedications, and service privatization.
- \$ A component that identifies policies to ensure that any mechanisms adopted by the City of Sedona under this element result in a beneficial use to the development and bear a reasonable relationship to the burden imposed on the City to provide the additional public services.



13.1 BACKGROUND

The City's goal of protecting Sedona's natural and environmental qualities combined with policies that accommodate and direct orderly growth and development create a special challenge for the community. To successfully meet this challenge, the City must continue to expand public infrastructure and facilitate services using innovation and partnerships with other public agencies and the private sector. It is important that the City establish specific policies, plans and strategies that can be implemented with community support to address financial needs and achieve stated community goals.

With the continued growth, the City has been diligent in its efforts to fund increases in the number of police personnel, city support and employees, services and facilities. City facilities and services are funded through the general fund and special revenue funds such as grants, public/private partnerships, development agreements, development impact fees and community facilities district fees. The General Fund is usually funded with sales tax revenues and other population-based revenues from the State or payment for City services.

Sales taxes are the largest revenue source for the City's general fund. However, sales tax revenue is unpredictable. It is subject to economic conditions, such as employment rates, stock market fluctuations and tourism. To offset some of the costs associated with new development the City adopted development impact fees in 1998. These fees help ensure that new development pays a fair and proportionate share of the costs it incurs. The City also implemented a community facilities district fee for timeshares since they are not subject to bed taxes unless rented on a day-to-day basis. This community facilities district fee is also used to help offset cost of infrastructure services and facilities. In addition, the City also uses development agreements to help negotiate needed infrastructure improvements in conjunction with new development.

As the need to have greater flexibility in determining future funding for capital projects became more apparent, the City implemented a new Flexible Capital Budget (FCB) plan in 1998. The FCB provides a process for the City Council and the community on an annual basis to determine the City's priority capital projects and fund those projects based on available funds. The focus of the FCB is not on the expenses, but instead the revenues to afford the expenses. The cost to undertake these projects is also tempered by the City's ability to pay and the priority of the project to be completed. The proposed list of capital projects included in the FCB represents an attempt to define the universe of potential future capital needs of the City. The list is adjusted yearly to add new projects and delete completed projects and projects no longer needed or desired. The Debt Management Plan is included in this plan document and process. The Flexible Capital Budget is an extension of the community's fiscal and planning process and is an important tool for implementation of the Community Plan.

13.2 FUNDING MECHANISMS

Since its incorporation in 1988, the City has been financing capital improvement projects. Under Arizona statutes, there are a number of options available to Sedona to fund infrastructure and public facilities necessary to service new development. A brief overview of these mechanisms is provided in the following section.

Community Facilities District Fees

Since 1998, the City has levied community facility district fees. Community facilities district fees are paid by timeshares in lieu of bed tax. Timeshares are exempt from bed and sales tax in Arizona except on a day-to-day rental basis.

Dedications

A dedication is a conveyance of land by a private owner in the nature of a gift or grant and the acceptance of that land by a public entity. Streets in a subdivided development are usually acquired through a dedication to the public of the property comprising the streets. Other dedications may include land for parks and recreational facilities, school sites, bike paths, or local transit facilities.

Development Agreements

Development agreements are permitted under A.R.S. 9-500.5 for municipalities. Development agreements permit contractual arrangements between the City and property owner(s) regulating the permitted uses, density, maximum height, and other aspects of the land subject to the agreement. Advantages of development agreements are that they are voluntary and, therefore, mutually agreeable to all parties involved in the negotiations. Also, they can enable the City to attain planning goals at minimal or without costs.

Development Impact Fees

The Arizona State legislature in 1982 passed specific legislation permitting cities and counties to impose development impact fees on landowners in a “benefit area” to offset costs incurred by the municipalities in providing necessary infrastructure needs and public services for new development. This state law requires documentation of projects to be financed by development impact fees prior to their levy and collection, and that the monies collected actually be committed within five years to a project of “direct benefit” to the development which paid the fees. In addition, the amount of development impact fees must bear a reasonable relationship to the burden imposed upon the municipality to provide additional necessary public services to the development. (A.R.S. 9-463.05(B)(4). A development should receive a beneficial use from the results of the fees.

The City contracted with Management Services Institute (MSI) to explore development impact fees as a funding option and submitted a report of their findings to City Council in 1992. Council did not adopt this report. However, in 1997 the City once again began looking at development impact fees and once again contracted with Management Services Institute to revisit development impact fees and recalculate impact costs. The 1998 report differed from the original 1992 documents as it included for the first time a proportional analysis of the

infrastructure needs of the City as compared to the existing infrastructure. This proportional analysis was an important tool for the City Council as they considered and ultimately adopted a development impact fee structure. While considering the impact costs and fees, the City measured several different factors including, population projections, land use data, proposed capital project costs, facility and equipment necessary to accommodate new development, and reconciling the difference between the City's desired level of service required of new development and actual levels of services provided to the existing community.

Not included in the consideration of impact fees were those "local" public improvements generally associated with and identified as being the sole responsibility of the developer through the subdivision or development review process. This type of on-site improvement includes all such capital construction within the boundaries of any development such as curb, gutter, sidewalks and neighborhood streets. These improvements are still the direct responsibility of the developer with, or without, development impact fees.

The 1998 report identified over \$63.5 million in needed and desired capital improvement projects required through the City's build-out, including both projects related to existing deficiencies and those needed solely to support future growth. The report indicated that adopting the recommended impact fees would finance about 29.0% of the needed capital facilities. Based on the costs and the schedules identified (see Management Services Institute, Development Impact Fee Calculation Report January 1998) costs attributable to future development were derived on a unit basis for residential land uses and on a per square foot basis for commercial land uses.

In 1998, the City adopted Development Impact Fees in conformance with state statutes. These fees are based on cost estimates for city projects that are required as a result of new development. Development impact fees are charged directly to developers and are generally paid when a building permit is obtained. The fees must be based on actual anticipated costs to the City and the fees must be used to pay for the public services that are necessary to the development. In addition, there must be some determination of the extent to which the new development benefits from (and therefore must pay for) the public service.

Development impact fees can be used for public services and facilities. For example, public services that meet this requirement include roads, sewers, sidewalks, police facilities, parks, schools, transit, etc. Public facilities generally refer to those services that are permanent additions to the City's assets and include design, construction, land acquisition, and buildings.

Article 16 of the Sedona Land Development Code is the enabling ordinance for the development impact fees funding mechanism. This ordinance implements the City's plan for public facilities by requiring new development to pay its fair and proportionate share of the costs to the City of Sedona associated with providing necessary public services and public facilities to new development through the imposition of development fees and charges that will be used to finance, defray or reimburse all or a portion of the costs incurred by the City for public facilities that serve such development. The Article also sets forth standards and procedures for assessing development impact fees and administering the development impact fee program.

The development impact fees are reviewed every three years to ensure that fees match development-related expenses.

Exactions

An exaction is a payment or dedication made by a developer for the right to proceed with a project requiring government approval. They can be in the form of a fee, the dedication of public land, the construction or maintenance of public infrastructure, or the provision of public services. The purpose of the exaction must be directly related to the need created by the development. In addition, its amount must be proportional to the cost of the improvement.

Franchise Tax

The franchise tax is based on the gross sales of the local utility companies that serve Sedona customers. Those that currently pay the franchise tax are: Arizona Public Services (2%), Citizens Gas (2%), Sedona Cablevision (5%), Arizona Water Company (3%) and Oak Creek Water Companies (3%). The revenue raised from franchise fees is generally used to fund street maintenance, drainage and other infrastructure maintenance.

General Obligation Bonds

General obligation bonds are a flexible financing option for the City, spreading the benefits and burdens of the fund uniformly throughout the community and can be used for almost any capital purpose. This often includes cost intensive capital improvements such as roads, parks, and sewer facilities and equipment.

General obligation bonds are somewhat restrictive however, because voter approval is required to authorize the issuance of bonds. This can be time consuming and costly. Additionally, because costs are spread uniformly throughout the community, infrastructure to support new development may be unfairly subsidized by existing development.

Improvement Districts

Improvements districts may be imposed by the City for projects that provide specific community benefit. While counties may form an improvement district to establish and maintain a park or recreation area for the benefit of the property within the district, the statutory list of improvements financed and constructed by a municipal improvement district does not include recreational facilities.

Motor Vehicle In-Lieu Revenue

Motor vehicle license taxes are collected by the county but are actually a state revenue source. The City receives its share of the vehicle license tax collected based upon its population in relationship to the total incorporated population of the county. Historically, this revenue source has been highly erratic and susceptible to economic change.

Permit Fees

Revenues from permit fees include fees collected from building permits, zoning fees and a variety of other programs.

Revenue Bonds

Revenue bonds are issued by a municipality and backed by a dedicated revenue stream. Improvements to existing sewer facilities are often made utilizing revenue bonds because there is a steady revenue stream from the utility users to attract bond buyers. Revenue bonds do not require voter approval and the constitutional debt cap does not apply to the issuance of revenue bonds. Municipalities with population of 75,000 or less may issue revenue bonds for utilities and recreational facilities, which include swimming pools, parks, playgrounds, municipal golf courses, and ball parks.

State-Shared Sales Tax and Income Tax Revenues

Revenue includes the state sales tax and income tax collection, which are shared with cities and towns, based upon population. Cities and towns share in a portion of the 5 percent sales tax collected by the state. Fifty percent is retained by the state, 40 percent designated for schools and the remaining 10 percent allocated to cities and towns.

Cities and towns in Arizona are prohibited from levying an income tax, but are entitled to 15 percent of state income tax collected from two years previous.

The formula for distributing these taxes is based on the relation of the City's population to the total state population. The State Department of Revenue collects, distribute funds, and provides revenue forecasts to cities and towns for these revenue sources.

Specialty Industry Tax

Specialty industry taxes, such as bed taxes have been used to fund a variety of public services and facilities around the State of Arizona. Cities do not need legislative authorization or voter approval to enact a specialty industry tax, while counties must have legislative authorization. Advantages to a specialty industry tax are that the local residents do not pay the tax and voter ratification is not required. Sedona currently has a 3% bed tax on lodging uses.

Transaction Privilege (Sales) Tax

The Arizona transaction privilege tax is commonly referred to as a sales tax, however, the tax is on the privilege of doing business in Arizona and is not a true sales tax. This tax is levied on the seller, not the purchaser. The seller may pass the burden of the tax on to the purchaser; however, the seller is ultimately liable to Arizona for the tax. Aside from the state tax rate, the City may impose a transaction privilege or sales tax within its jurisdiction to fund the costs of a variety of public services. The City currently has a sales tax rate of 3%.

Transportation Revenues – Highway User Fund (HURF) and Local Transportation Assistance Funds (LTAF).

Transportation revenues include Highway User Revenue Fund (HURF – Gas tax) and Local Transportation Assistance Funds (LTAF – State Lottery) and vehicle license taxes collected by the state. A state constitutional restriction on use of the HURF and LTAF requires the funds to be solely for street and highway purposes.

HURF revenues are distributed based on population and cities and towns participation in the lottery. The LTAF revenue sharing was capped in 1989 by the state legislature resulting in no growth in this source of revenue.

User Fees

User fees are assessed for the specific use of a service or activity. An example is a fee charged for admission to a state or county park or fees charged for recreation facilities and programs. A user fee can be employed to defray a portion or the entire cost of a project. The advantage of a user fee is that the person using the specific service incurs the charge.

Other Funding Options

Certificate of Participation

Under this method of financing, private parties purchase Certificate of Participations (COP), which are the equivalent of tax-exempt bonds and represent an ownership interest in property belonging to a local government. The property is then leased back to the local government, which makes “lease” payments to the COP holders to cover the bond program. The City currently has two Certificates of Participation; one was used to purchase a portion of the City’s Posse Ground Park and another was issued to expand the wastewater plant, purchase land for wastewater effluent disposal and to extend wastewater collection lines.

Concurrency Requirements (Adequate Public Facilities)

The pressures of growth and concern about urban sprawl have encouraged some communities to adopt “concurrency” ordinances. Concurrency ordinances are intended to ensure that growth cannot occur in an area unless adequate public facilities are either in place, planned or occur concurrent with proposed development. These programs have been adopted generally in urban areas to prevent unacceptable declines in the provisions of services to existing residents and to meet the demands of new residents. A key point is that, in its pure form, concurrency does not require that new development be paid for by developers, only that the required improvements be made prior to or concurrent with the development. The question of financing the improvements is related to impact fees and other funding mechanisms.

Property Tax

A property tax is a tax levied on land and improvements on a specific parcel of land. For many communities, it is their primary source of revenue. While Yavapai and Coconino counties both levy a property tax, which can be used to fund operating expenses, the City of Sedona does not. Cities can levy primary property taxes to fund maintenance and operation of municipal government services. Primary property taxes may not exceed the municipality’s levy limit. Costs associated with public infrastructure funding are funded by secondary property taxes, which are levied back to general obligation bonds issued by a municipality. Secondary property taxes are not subject to the levy limit. However, the municipality may not issue general obligation bonds in excess of its constitutionally set debt cap. Thus, while municipalities may not set a primary property tax or create a new property tax over its levy limit, it can, once it receives voter authorization to issue general obligation bonds, levy property taxes that are not subject to the levy limit as necessary to cover the bond obligation.

13.3 CURRENT CONDITIONS

One unique aspect of the City's revenue is the continued reliance on sales tax, state shared revenue and fees to fund operations. No property tax has ever been levied by the City. The total budgeted revenue for the fiscal year 2001-2002 was \$22,227,170, a decrease of approximately \$2.2 million from the previous year. The primary reason for the decrease is the reduction in bond revenue for wastewater capital projects.

Local taxes represent approximately 41.6% of operating resources for Sedona. For the 2001-2002 fiscal year, they were comprised of projected sales tax (\$9,241,492 million), bed tax (\$1,429,827 million), franchise fees (\$482,771 thousand) and development impact fees/community facility district fees (\$567,784 thousand).

The local privilege tax (sales tax) is the City's largest source of revenue and is obtained from the 3 percent tax on retail and other sales excluding food. The sales tax has three major uses:

- \$ General City operations are funded with one percent of the tax
- \$ Capital improvements are funded with ½ percent of the tax
- \$ Wastewater debt is paid with the remaining 1 ½ percent.

The bed tax is the City's second largest source of revenue and is obtained from the 3 percent tax on lodging. General City operations are funded by this tax. The City has experienced bed tax growth above the rate of inflation since 1996-97. An increase of 3 percent in bed tax revenues was projected in 2001-2002. The reason for the projection was based on current year trends for bed tax collections and the fact that some of the growth in bed tax in previous years was attributed to new lodging rooms being constructed in the city.

The City utilizes revenues raised from franchise fees to fund street maintenance, drainage and other infrastructure maintenance. Currently, 100% of the franchise fees collected from the water companies is going towards upgrading fire hydrants within the City. Franchise fees generally have kept pace with inflation. An increase of 3.6 percent is projected for franchise fees in 2001-2002. The franchise fee is levied on the gross revenues received by Citizens Utility (2%), Arizona Public Services (2%), Sedona Cablevision (5%), Arizona Water Company (3%) and Oak Creek Water Company (3%).

State-shared revenue sources include the state sales tax and income tax collection, which is shared with cities and towns, based upon population. The formula for distributing these taxes is based on the relation of the City's population to the total state population. The State Department of Revenue collects, distribute funds, and provides revenue forecasts to cities and towns for these revenue sources.

The Arizona Department of Revenue also collects and distributes transportation revenues including the highway user revenue tax (HURF – Gas tax) and local transportation assistance funds (LTAF – State Lottery). A state constitutional restriction on use of the HURF and LTAF requires the funds to be solely for street and highway purposes. HURF revenues are distributed

based on population and cities and towns participation in the lottery. The LTAF revenue sharing was capped in 1989 by the state legislature resulting in no growth in this source of revenue. The fiscal year 2001-2002 budget estimated an increase in state-shared HURF revenue at 5.4 percent and a LTAF reduction of 1.7 percent.

Unlike other cities in Arizona, Sedona uses the HURF and lottery funds for annual operating maintenance costs for the City's street maintenance division (80% of personnel costs and 100% of equipment costs) the Brewer Brothers contract which prohibits their use currently for capital improvements.

Sedona receives a portion of the motor vehicle license taxes collected by each county. The City receives its share of this tax based upon population in relationship to the total incorporated population of the county. Historically, this revenue source has been highly erratic and susceptible to economic change. The fiscal year 2001-2002 budget estimated an 11.2 percent increase for this revenue.

The capital fund uses revenue from sales tax, impact fees, grants, borrowing and transfers from other funds. Over 708 percent of the annual Flexible Capital Budget is funded by pay-as-you-go revenue from the .5 percent sales tax. All capital projects are evaluated using a point factor matrix to determine their funding priority on an annual basis. These projects are then matched with estimated revenue to develop the City's Flexible Capital Budget. The 2001-2002 revenue for the capital fund was reduced by 48 percent.

The City's enterprise fund is comprised of wastewater user fees, capacity fees and sales tax and bond revenues. Wastewater user fees are generated from the \$32.54 monthly fee per equivalent residential unit. Since starting major sewer extension in 1995-1996, the City has experienced consistent growth in user fees. The 2001-2002 budget estimated an increase of 11.1 percent in user fees from new customers.

Capacity fees revenues are collected from the one time fee per equivalent residential unit required for residents and businesses to connect to the sewer. Fees are used to offset debt expenses for wastewater treatment plant capacity improvements. The prepayment allowed for existing developed property to pay a \$2,100 fee until May 2000.

Sales tax revenues come from the 1½ percent sales tax. The sales tax pays debt service on debt the City has occurred upgrading treatment capacity at the wastewater plant and extending sewer lines. The City's sewer fund debt service is paid primarily by transaction privilege taxes.

The City's capacity for Excise Tax Revenue Debt is primarily committed to the Wastewater current and future debt service.

The following tables breakdown the various revenue and other financing sources by fund.

Table 25
General Fund – Revenues by Source

Source of Revenue	1999-2000 Actual	2000-2001 Budget Estimated		2001-2002 Budget
Taxes				
Bed Tax	\$1,334,790	\$1,383,865	\$1,388,180	\$1,429,827
City Sales Tax	\$2,961,193	\$2,739,372	\$2,990,800	\$3,080,530
Franchises	\$438,001	\$465,996	\$465,996	\$482,772
Intergovernmental				
State Income Tax	\$985,602	\$1,059,634	\$1,059,634	\$1,062,868
State Sales Tax	\$781,233	\$808,780	\$808,780	\$814,516
Motor Vehicle Tax	\$548,480	\$559,069	\$559,069	\$621,685
Fines and Forfeitures				
Municipal Court	\$128,061	\$150,000	\$150,000	\$150,000
Other Charges for Services				
Recreation Fees	\$35,222	\$53,420	\$53,420	\$58,855
Other Services	\$1,101	\$1,000	\$1,000	\$1,213
Interest Earnings	\$328,129	\$287,560	\$315,000	\$320,000
Licenses and Permits				
Construction Permits	\$185,939	\$200,000	\$200,000	\$210,000
Zoning Fees	\$98,904	\$80,450	\$80,450	\$82,465
Other	\$35,540	\$18,250	\$18,750	\$17,212
Miscellaneous	\$727,059	\$53,725	\$165,280	\$168,603
TOTAL Revenue/Other Financing Sources	\$8,587,254	\$7,961,121	\$8,256,359	\$8,500,545

Table 26
Streets Fund – Revenues and other sources

Source of Revenue	1999-2000 Actual	2000 – 2001		2001 – 2002 Budget
		Budget	Estimated	
HURF	\$995,323	\$994,449	\$994,449	\$1,048,058
LTAF	\$70,321	\$60,067	\$60,067	\$59,071
Appropriated Fund Balance	\$0	\$366,813	\$0	\$0
Miscellaneous	\$0	\$0	\$0	\$0
Other Financing Sources				
Transfer In	\$186,330	\$196,500	\$196,500	\$203,000
TOTAL Revenue/Other Financing Sources	\$1,315,141	\$1,658,829	\$1,331,016	\$1,390,129

Table 27
Development Impact Fees Fund – Revenues and Other Sources

Source of Revenue	1999 – 2000 Actual	2000 – 2001		2001 – 2002 Budget
		Budget	Estimated	
Building Permits				
Storm Drainage	\$28,897	\$34,385	\$34,530	\$36,257
General/Public Facilities	\$14,852	\$14,100	\$16,377	\$17,196
Parks & Open Spaces	\$211,939	\$196,560	\$219,425	\$230,396
Law Enforcement	\$10,029	\$8,670	\$11,700	\$12,285
Street & Signals	\$99,255	\$122,610	\$134,353	\$141,071
Other Financing Sources				
Interest Earnings	\$21,875	\$20,000	\$48,143	\$50,550
TOTAL Revenue/Other Financing Sources	\$386,846	\$ 396,325	\$464,528	\$487,754

Table 28
Capital Improvement Fund – Revenues and Other Sources

Source of Revenue	1999 – 2000 Actual	2000 – 2001		2001 – 2002 Budget
		Budget	Estimated	
City Sales Tax (1/2%)	\$1,478,994	\$1,369,438	\$1,495,400	\$1,540,262
Developer/Private Contributions	\$20,000	\$63,000	\$50,000	\$221,000
ADOT Participation	\$0	\$0	\$0	\$0
Other/Donations	\$868,920	\$0	\$0	\$180,00
Debt Financing	\$4,976,109	\$1,500,000	\$0	\$250,000
Grants	\$193,785	\$619,396	\$300,000	\$1,195,720
TOTAL Revenues/Other Financing Sources	\$7,537,808	\$3,551,834	\$1,845,400	\$3,386,982

Table 29
Wastewater Enterprise Fund – Revenues and Other Sources

Source of Revenue	1999 – 2000	2000 – 2001		2001 – 2002
	Actual	Budget	Estimated	Budget
City Sales Tax	\$4,440,187	\$4,109,637	\$4,486,200	\$4,620,700
Fines and Forfeitures	\$74,726	\$3,000	\$21,100	\$18,600
User Fees/Service Charges	\$2,063,997	\$2,136,100	\$2,054,400	\$2,374,400
Capacity Fees and Permits	\$665,877	\$108,000	\$404,000	\$606,000
Miscellaneous	\$27,719	\$1,120,100	\$25,500	\$305,208
Interest Earnings	\$1,582,376	\$0	\$1,473,000	\$637,500
Other Financing Sources				
Proceeds from Bonds	\$12,133,637	\$213,728,972	\$4,695,299	\$12,000,000
TOTAL Revenues/Other Financing Sources	\$20,988,518	\$21,205,809	\$13,159,499	\$20,562,408

Sedona's outstanding debt is detailed in the Annual Budget and the Debt Management Plan of the Flexible Capital Budget. The City currently has a long-term debt of approximately 70 million dollars (as of June 30, 2001). A portion of the City's 3% sales tax pays for the majority of the debt. The only exception is the Jordan Park Improvement District's debt that is paid by assessments against properties in the district.

Certificates of Participation Series 1994 (\$1,125,000) -refinanced 2001/2002

This debt was issued in order to purchase a portion of the City's Posse Grounds Park

Jordan Park Improvement District (\$2,500,000)

The infrastructure improvements for the Jordan Park subdivision were financed with this issuance. The City bills the property owners within the district for the repayment of this debt.

1992 Wastewater Bond (\$25,100,000)

This represents the initial debt issuance for the construction of the wastewater plant and initial wastewater collection lines.

1996 Wastewater Infrastructure Finance Authority Loan (\$2,000,000)

This loan was received for the purpose of wastewater collection line extensions. Subsequent to June 30, 2001, the City received a financial assistance package from the Wastewater Infrastructure Authority of Arizona (WIFA) reducing the interest rate of its WIFA loan to zero percent. In addition, WIFA will provide financial assistance to the City annually through 2019 to help the City repay wastewater related debt. The total benefit to the City over the life of the financial assistance agreement will be \$3,431,827. Wastewater MPC Certificates of Participation Series 1998 (\$41,035,000).

This debt was issued in order to expand the wastewater plant, purchase land for wastewater effluent disposal and to extend wastewater collection lines.

Certificates of Participates Series 1999 (\$5,315,000)

This debt is for the \$4,750,000 purchase of the City Hall.

13.4 RECOMMENDATIONS

13.4.1 Vision, Goals, Objectives/Policies

The Vision Statement, Goals, Objectives/Policies developed for the *Cost of Development Element* of the **Sedona Community Plan** are presented below.

COST OF DEVELOPMENT VISION

To fairly apportion the costs of development by ensuring that development pays its “fair share” of the costs of additional public service facilities and needs generated by new development.

Goal 1.0 Ensure that City services, facilities, equipment and infrastructure properly serve the community in a manner that enhances quality of life, optimizes existing facilities, and provides for future needs.

Objectives/Policies

- 1.1 Identify levels of service indicators for the delivery of City services that reflect the typical experiences of residents and visitors.
- 1.2 Maintain adequate levels of City facilities and services for existing and new development.
- 1.3 Identify strategies for redevelopment and enhancing existing service delivery for City residents and visitors.
- 1.4 Identify and use a variety of sources to finance necessary City services, facilities, equipment and infrastructure that meet community needs.
- 1.5 Continue to implement the City’s Flexible Capital Budget program annually.
- 1.6 Form special improvement districts to provide for improvements such as utility undergrounding, and storm drainage upgrades in specific areas.
- 1.7 Encourage dedication of open space, parks and park sites in conjunction with development.
- 1.8 Evaluate public/private partnerships, private foundations and support on-going development agreements.

GOAL 2.0 Ensure new development pays its fair share of municipal costs necessary to support impacts created by new development.

Objectives/Policies

- 2.1 Continue to require new development pay for its fair, proportionate share of service and infrastructure costs through development agreements, development impact fees, community facilities districts and other appropriate methods.
- 2.2 Periodically review and adjust as necessary the City's development impact fees ordinance to insure that the City collects sufficient monies to construct additional infrastructure needed to serve new residents and businesses developing in Sedona.

GOAL 3.0 Coordinate with non-municipal utility providers to ensure adequate services are provided for existing users as well as new development.

Objectives/Policies

- 3.1 Work with non-municipal utility providers to ensure adequate levels of service and upgrade services for new development as necessary.
- 3.2 Coordinate with non-municipal utility providers in the planning of new facilities/corridors and upgrade and/or expansion of existing facilities.

GOAL 4.0 Actively coordinate with local school districts, charter schools and institutions of higher learning in the planning, construction and rehabilitation of facilities.

Objectives/Policies

- 4.1 Maintain open lines of communication between the City, developers and schools.